



the provisions of this order. It is expected that we can reach agreement on such a definitive contract by approximately 15 June 1956. The failure of either party to do so by that date will not in any way effect performance hereunder. The Contractor shall prepare, no later than 1 June 1956, as a basis for negotiation of a definitive contract, a revised proposal and technical exhibit indicating types of personnel proposed to be furnished hereunder, numbers of such personnel by type, rates of pay per week or month for each type of personnel, indirect costs considered applicable thereto, and incentive provisions, other direct costs and proposed profit rate.

4. You are not authorized to expend or obligate in furtherance of your performance hereunder more than [REDACTED]

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5. The definitive contract contemplated hereunder is a Government fiscal year service type contract providing for a fixed man-month rate for services rendered hereunder, with a separate man-month rate to be negotiated for each classification of services involved. Such negotiated man-month rate shall include the elements of direct cost, indirect cost and negotiated profit applicable to the services performed hereunder. On 1 June 1956, or as soon as possible thereafter, the Contractor shall submit to the Contracting Officer the results of a review and study of indirect costs associated with the Contractor's work hereunder. On the basis of such review, the Contracting Officer and the Contractor shall negotiate to establish an appropriate man-month rate, including profit, for each category of service to be rendered hereunder, and shall agree upon a method of handling other costs associated with the services to be performed hereunder. Pending the negotiation of a definitive contract and the submission of a revised proposal and technical exhibit, the Contractor will, for purposes of progress payments, submit costs based on the salary rates, indirect costs, incentive provisions, and other direct costs as submitted in Contractor's Proposal of May 27, 1955, as modified by discussions and agreements subsequent to that date and recorded in correspondence between the Government and the Contractor.

6. Pending the execution of a definitive contract, any termination by the Government will be governed by the standard termination provisions of the Armed Services Procurement Regulations, as modified by security requirements and the particular circumstances of this order.

7. The Government shall have the option of renewing this Letter Contract, or subsequent definitive contract, for the period 1 July 1956 to 30 June 1957 and for the period 1 July 1957 to 30 June 1958, subject to the availability of funds for this purpose for such fiscal years 1957 and 1958.

8. Progress payments will be made as the services are rendered upon the presentation of invoices showing the costs incurred and chargeable to this Letter Contract. Such invoices shall not be

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presented more frequently than once each month, unless more frequent presentation is approved by the Contracting Officer. Such progress payments shall be made to the extent of ninety (90) percent of the amount of such invoices. The aggregate amount of progress payments made to you hereunder shall not exceed [REDACTED]. If the Government shall make any progress payments to you hereunder, the title to all materials, parts, assemblies, subassemblies, supplies, equipment, and all other property, theretofore or thereafter purchased, constructed, or otherwise acquired by you for the performance of the Letter Contract, shall automatically pass to and vest in the Government. Such passage and vesting of title shall neither impair any rights of the Government hereunder, nor relieve you of any of your obligations nor deprive you of any of your rights hereunder.

9. It is contemplated that this order will be governed by standard clauses utilized in other contracts between your company and the Government. Public policy provisions required by law, regulation, or executive order will similarly apply. Exceptions thereto, to the extent required by the security considerations of the work being performed hereunder and the program to which it relates, may be made, as necessary.

10. The Contractor shall not reveal (i) the specific nature or any details of the work being performed hereunder or (ii) any information whatsoever with respect to the existence of this contract or the department of the Government sponsoring this contract and the work thereunder to any person or to any department of the Government without the express consent of the Contracting Officer hereunder or his duly authorized representative for security matters.

11. Title to all Government furnished property shall remain in the Government and shall be so identified while in the possession of the Contractor, as directed by the Contracting Officer.

12. You will report to the Government at periodic intervals as to the progress being made hereunder.

13. Upon signature by you and return of the original and one copy of this letter, it will constitute a contract on the terms set forth herein. Only one copy will be

retained in your files under such security conditions as the Government may impose. Copies will not be made without the Government's permission.

THE UNITED STATES OF AMERICA

By

[REDACTED]

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Contracting Officer

ACCEPTED FOR:

LOCKHEED AIRCRAFT CORPORATION

RBB  
By

[REDACTED]

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Title Assistant Treasurer

Date 14 May 1956

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